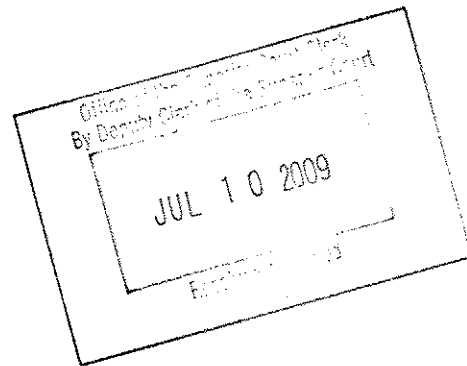


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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION -ESSEX COUNTY
DOCKET NO. ESX-C- 190-09

ANNE MILGRAM, Attorney General of the
State of New Jersey, DAVID M. SZUCHMAN,
Director of the New Jersey Division of
Consumer Affairs, and STEVEN M.
GOLDMAN, Commissioner of the New Jersey
Department of Banking and Insurance,
Plaintiffs,

v.

NEW DAY FINANCIAL SOLUTIONS, SA,
NDROA, INC., AMERICAN CREDIT REPAIR
AND DEBT SETTLEMENT, L.L.C.,
PARAMOUNT DEBT SETTLEMENT USA,
L.L.C., UZOR FINANCIAL SOLUTIONS,
L.L.C., UZOR AND ASSOCIATES, P.C.,
AMERICAN FINANCIAL ADVOCACY
COUNCIL, STEPHEN PASCH, EJIKE N.
UZOR, JANE and JOHN DOES 1-10,
individually and as owners, officers, directors,
shareholders, founders, managers, agents,
servants, employees, representatives and/or
independent contractors of NEW DAY
FINANCIAL SOLUTIONS, SA, AMERICAN
CREDIT REPAIR AND DEBT SETTLEMENT,
L.L.C., PARAMOUNT DEBT SETTLEMENT
USA, L.L.C., UZOR AND ASSOCIATES, P.C.,
and XYZ CORPORATIONS 1-10,

Defendants.

Civil Action

VERIFIED COMPLAINT

Plaintiffs Anne Milgram, Attorney General of the State of New Jersey (“Attorney General”), David M. Szuchman, Director of the New Jersey Division of Consumer Affairs (“Director”), with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey, and Steven M. Goldman, Commissioner of the New Jersey Division of Banking and Insurance (“Commissioner”), with offices located at 20 West State Street, Trenton, New Jersey 08625, (collectively “Plaintiffs”) by way of Verified Complaint state:

PRELIMINARY STATEMENT

1. The downturn in the economy, along with loose mortgage lending practices over the last few years, have led to an unprecedented number of homeowners facing foreclosure. Many of these homeowners, desperate to avoid losing their homes, seek assistance from companies that represent that they can help prevent foreclosures through mortgage loan modification programs.

2. The defendants in this action, New Day Financial Solutions, S.A., NDROA, Inc., American Credit Repair and Debt Settlement, L.L.C., Paramount Debt Settlement USA, L.L.C., Uzor Financial Solutions, L.L.C., Uzor and Associates, P.C., American Financial Advocacy Council, Stephen Pasch and Ejike N. Uzor, are causing irreparable harm to consumers by taking thousands of dollars in up-front fees from financially strapped homeowners, by falsely promising distressed homeowners that they will obtain a loan modification on their behalf, and by operating unlicensed debt adjustment businesses in the State of New Jersey.

3. Defendants demand an up-front fee for their services, promising guaranteed results, and then often make little or no attempt to engage in any mortgage modification services.

Moreover, even when Defendants do make an effort to modify consumers' mortgages, they are selling a service that is unlawful for them to provide under the laws of the State of New Jersey.

4. Further, after homeowners (referred to herein as "homeowners" or "debtors") pay Defendants' up-front loan modification fees, Defendants encourage them to refrain from making mortgage payments or from contacting their lenders, and represent that Defendants will negotiate mortgage modifications on their behalf. In fact, Defendants often fail to modify homeowners' mortgages, and consumers fall further behind with their mortgage payments. In some instances, consumers are in danger of losing their homes in foreclosure or otherwise incurring late fees and penalties, and become ineligible for available loan modification programs when time passes and further missed payments accrue.

5. Under New Jersey's Debt Adjustment and Credit Counseling Act ("DACCA"), N.J.S.A. 17:16G-1 et seq., only the lender or owner of the loan, the mortgage servicing company acting as an agent for the loan's owner, an entity licensed by the Department of Banking and Insurance ("DOBI") as a Debt Adjuster under DACCA, or other entities that are exempt from Debt Adjuster licensure, as set forth at N.J.S.A. 17:16G-1c(2), may modify home mortgage loans. Under the DACCA, only nonprofit social service agencies or consumer credit counseling agencies may obtain a license from DOBI to act as debt adjusters. Defendants do not hold such licenses and are thus acting as unlicensed debt adjusters in violation of the DACCA.

6. The Attorney General, the Director, and the Commissioner (collectively "Plaintiffs") bring this application seeking temporary, preliminary and ultimately permanent injunctive relief, as well as other equitable relief, to end the unlawful business practices committed by Defendants, which constitute multiple violations of the New Jersey Consumer

Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”), DACCA, the Credit Repair Organizations Act (“CROA”), 15 U.S.C. §1679 et seq. and the New Jersey Nonprofit Corporations Act, N.J.S.A. 15A:1-1 et seq. Plaintiffs submit this Verified Complaint together with an Order to Show Cause with Temporary Restraints to prevent Defendants from harming additional consumers or otherwise engaging in the unlicensed adjustment of mortgage loans and other debts in New Jersey.

JURISDICTION AND PARTIES

7. The Attorney General is charged with responsibility for enforcing the CFA, N.J.S.A. 56:8-1 et seq., and the regulations promulgated thereunder (“CFA Regulations”), N.J.A.C. 13:45A-1.1 et seq.

8. The Director is charged with responsibility for administering the CFA and the CFA Regulations on behalf of the Attorney General. Plaintiffs bring these CFA claims pursuant to their authority under N.J.S.A. 56:8-8, 56:8-11, 56:8-13 and 56:8-19.

9. The Commissioner is charged with responsibility for enforcing DACCA, and its attendant regulations, N.J.A.C. 3:25-1.1 et seq. This action seeking injunctive and other relief is brought by the Commissioner in his official capacity pursuant to his authority under N.J.S.A. 17:1-15g.

10. The Commissioner is also authorized pursuant to N.J.S.A. 17:16G-8 to proceed with a summary action in the name of and on behalf the State against the person or licensee and any other person concerned or in any way participating in or about to participate in those practices or transactions constituting a violation of the DACCA, to enjoin the person or licensee

from continuing those practices or engaging in or doing any act in furtherance of those practices constituting a violation of the DACCA.

11. Defendant New Day Financial Solutions (“New Day”), upon information and belief, is a company owned and operated by Defendants Stephen Pasch and Ejike N. Uzor. At all relevant times, New Day has maintained a business and mailing address at 701 McCarter Highway, Suite 303, Newark, New Jersey. While New Day used the corporate name “New Day Financial Solutions LLC” in some of its materials, it is not registered with the New Jersey Secretary of State to conduct business in the State as “New Day Financial Solutions, LLC.”

12. Defendant NDROA, Inc. is a company formed under the laws of the State of Delaware, with offices at 6 Noble Lane in Green Brook, New Jersey. Defendant Stephen Pasch resides at 6 Noble Lane in Green Brook, New Jersey, and is the registered agent of NDROA, Inc. Customers of New Day were instructed to forward fees for New Day services to NDROA, Inc.

13. Defendant American Credit Repair and Debt Settlement, L.L.C. is a company formed under the laws of the State of New Jersey on February 21, 2009, and operates out of the same office as New Day at 701 McCarter Highway, Suite 303 in Newark. Defendant Stephen Pasch is the registered agent of American Credit Repair and Debt Settlement, L.L.C.

14. Defendant Paramount Debt Settlement USA, L.L.C. is a company formed under the laws of the State of New Jersey on April 22, 2009, and operates out of the same office as New Day at 701 McCarter Highway, Suite 303 in Newark. Defendant Stephen Pasch is the registered agent of Paramount Debt Settlement USA.

15. Defendant Ejikeme N. Uzor, aka Ejike N. Uzor is a licensed attorney in the State of New Jersey since 2008. Defendant Ejike N. Uzor is engaged in the loan modification business

through his dealings with the Defendants. Upon information and belief, Defendant Uzor is associated with a corporation named Jefferson Financial Corporation, which provides him loan modification leads.

16. Defendant Uzor Financial Solutions, L.L.C. is company formed under the laws of the State of New Jersey on March 13, 2009, and operates out of the same office as New Day at 701 McCarter Highway, Suite 303 in Newark. Defendant Ejike N. Uzor is the registered agent of Uzor Financial Solutions.

17. Defendant Ejike N. Uzor & Associates. P.C. is a company formed under the laws of the State of New Jersey on March 13, 2009, and operates out of the same office as New Day at 701 McCarter Highway, Suite 303 in Newark. Defendant Ejike N. Uzor is the registered agent of Ejike N. Uzor & Associates.

18. Defendant American Financial Advocacy Council is registered as a non-profit corporation with the New Jersey Secretary of State, becoming registered on March 19, 2009. Defendants Stephen Pasch and Ejike Uzor, together with Dawn Pasch, serve as officers of American Financial Advocacy Council. Upon information and belief, Dawn Pasch is the wife of Stephen Pasch. As a nonprofit corporation, American Financial Advocacy Council must operate in furtherance of its charitable purposes, and refrain from non-charitable ultra vires activities, which constitute grounds for, among other things, an injunction and dissolution action under the Attorney General's statutory and common law powers. N.J.S.A. 15A:3-2, N.J.S.A. 15A:12-11.

19. Venue is proper in Essex County, pursuant to R. 4:3-2, because it is the county in which all but one of the Defendants have maintained their principal business address and where all otherwise conducted business.

20. Upon information and belief, John and Jane Does 1 through 10 are fictitious individuals meant to represent the owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives and/or independent contractors of New Day Financial Solutions, NDROA, Inc., American Credit Repair and Debt Settlement, L.L.C., Paramount Debt Settlement USA, L.L.C., Uzor Financial Solutions, LLC, Uzor and Associates, P.C. and American Financial Advocacy Council who have been involved in the conduct that gives rise to this Verified Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Verified Complaint to include them.

21. Upon information and belief, XYZ Corporations 1 through 10 are fictitious corporations meant to represent any additional corporations that have been involved in the conduct that gives rise to this Verified Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Verified Complaint to include them.

22. New Day Financial Solutions, NDROA, Inc., American Credit Repair and Debt Settlement, L.L.C., Paramount Debt Settlement USA, L.L.C., Uzor Financial Solutions, LLC, Uzor and Associates, P.C., American Financial Advocacy Council, Stephen Pasch and Ejike Uzor are collectively referred to as "Defendants."

GENERAL ALLEGATIONS COMMON TO ALL COUNTS

23. Non-profit housing counselors and other non-profit financial counselors or licensed attorneys can help distressed homeowners understand all options available to them and can negotiate loan modifications on their behalf. Many of these organizations are certified by the Federal Department of Housing and Urban Development and New Jersey Housing and Mortgage

Finance Agency, and work in conjunction with government programs to assist struggling homeowners at no cost to consumers.

24. Under the DACCA, non-profit social service agencies or non-profit consumer credit counseling agencies may act as debt adjusters and offer credit counseling to consumers, but must first obtain a license from the Commission. The DACCA requires licensed agencies to be bonded to the satisfaction of the Commissioner, and to have their financial records audited annually by a certified public accountant or registered public accountant, with the audit certifying that the salaries and expenses paid by the licensee are reasonable compared to those incurred by comparable agencies providing similar services. N.J.S.A. 17:16G-5. The DACCA also restricts the fees a licensee may charge and who may serve on a licensee's board of directors. N.J.S.A. 17:16G-6 and 7.

25. DACCA provides an exception for attorneys who take part in debt adjustment for their clients, but only when the attorney is not principally engaged to conduct debt adjustment. DACCA does not allow an attorney to operate a debt adjustment business without a license. Defendant Uzor, a licensed attorney, has set up a debt adjustment business, and solicits customers to be retained principally for debt adjustment services.

26. Since at least September 2008, Defendants have engaged in unlicensed debt adjustment in the State of New Jersey, including entering into agreements with New Jersey homeowners to modify their home mortgage loans.

27. Since at least September 2008, Defendants have engaged in the advertisement and sale of merchandise to consumers in New Jersey and elsewhere, including, but not limited to, pre-foreclosure loan modification assistance, debt adjustment and credit repair services.

28. Defendants charge homeowners fees, ostensibly to renegotiate mortgage loan terms and other debts on their behalf.

29. New Day advertised and solicited mortgage modification business through its website, www.newdayfinancialsolutions.com, through radio advertisements and through telephone solicitations. In these advertisements, it promised homeowners that it offered a “100% Money Back Guarantee” that it would obtain a loan modification for them.

30. New Day required consumers to pay an up-front fee. New Day also entered into contracts with consumers that set forth New Day’s “100% Money Back Guarantee,” whereby the company “will guarantee to provide you, our client, with a loan modification of your existing loan. If we fail to obtain a loan modification of your loan, New Day Financial Solutions will provide you with a full 100 percent refund.” The contract also states that New Day was not providing legal services.

31. New Day encourages consumers to cease making their mortgage payments (purportedly to be in a better position to obtain a modification) and not to contact their mortgage company directly.

32. Once it accepted the up-front fee, New Day often expended little or no effort to obtain a loan modification. Generally, some time after New Day was hired, mortgage servicers contacted consumers because they missed payments, and the consumer then discovered that New Day had been doing little to obtain a modification. In many cases, the homeowner then obtained a modification on his or her own by working directly with the mortgage servicer.

33. When consumers obtained a mortgage modification on their own, or determined that New Day had not obtained a modification, and requested a refund, New Day has refused to

provide a refund, or only offered a refund subject to the consumers executing a waiver of rights to file any type of complaint against New Day.

34. New Day announced on its website that it ceased soliciting loan modification consumers in or around March 2009.

35. In or around March 2009, defendants Stephen Pasch and Ejike Uzor formed American Credit Repair and Debt Settlement, L.L.C., Paramount Debt Settlement USA, L.L.C., Uzor Financial Solutions, LLC, Uzor and Associates, P.C., and American Financial Advocacy Council. These Defendants, operating out of the same location as New Day, began soliciting customers for loan modification services, as well as other services, including debt adjustment and credit repair.

36. Defendant American Financial Advocacy Council describes itself as a “non-profit organization providing financial information and resources for the U.S. Consumer” on the website www.lordsavemyhome.com. The website for American Financial Advocacy Council further provides that the agency is “working with a select group of Christian owned companies that are able to assist consumers who are experiencing financial hardships” and provides links to the websites of defendants American Credit Repair and Debt Settlement, L.L.C., Paramount Debt Settlement USA, L.L.C., Uzor Financial Solutions, L.L.C., and Uzor and Associates, P.C. Upon information and belief, the website for the American Financial Advocacy Council has not recommended any other businesses to consumers other than those operated by Defendants.

37. None of the Defendants are licensed debt adjusters.

38. The website of Uzor and Associates, P.C., www.uzorlawfirm.com states “Ask us about our loan modification services.” The website also refers to the firm as a “People-Helping-

People Organization” and invites consumers to apply online for loan modification services. The website also provides a telephone number for consumers to call to obtain loan modification services. The telephone number listed for Uzor and Associates is 800-989-6349.

39. Upon information and belief, Defendant Uzor is associated with a corporation named Jefferson Financial Corporation, which provides him loan modification leads. The phone number listed under “Contact Us” in the website of the corporation Jefferson Financial Consortium, <http://www.webuyloanmodleads.com/contactus/contact-jefferson-financial-consortium.html>, 800-989-6349, is the same phone number as that for Defendant Uzor and Associates, PC. Upon information and belief, Jefferson Financial Consortium provides Defendant Uzor loan modification leads.

40. American Credit Repair and Debt Settlement, L.L.C., Paramount Debt Settlement USA, L.L.C. and Uzor & Associates, PC operate a website entitled www.creditrepair199.com. The website lists its operator as “American Credit Repair & Paramount Debt Settlement, L.L.C.,” despite that American Credit Repair and Debt Settlement, L.L.C. and Paramount Debt Settlement USA, L.L.C. are two separately registered companies and there is no registered company in New Jersey by the name of American Credit Repair & Paramount Debt Settlement, L.L.C. The website offers credit repair and debt adjustment services, as well as a phone number to call to obtain such services. The website also contains a page with the heading “How much will it cost?”, which provides that the “application/enrollment fee” is \$199 (\$319 for a couple), along with a \$79.00 monthly service fee.

41. By offering mortgage modification and debt adjustment services to New Jersey homeowners without a license, Defendants have engaged in conduct prohibited by DACCA.

42. By soliciting desperate homeowners fearing foreclosure, promising to save their homes and negotiate a more favorable mortgage for them, taking a significant up-front fee to do so, then doing little or no work to actually obtain a beneficial modification, and by directing consumers to Defendants' for-profit companies using a registered non-profit company, Defendants have engaged in unconscionable and deceptive conduct in violation of the CFA.

43. By soliciting credit repair services and requiring the payment of up-front fees for those services, Defendants have engaged in conduct prohibited by the Federal Credit Repair Organizations Act.

44. By operating a non-profit organization for the pecuniary purpose of marketing the services of Defendants' for-profit businesses, Defendants have engaged in conduct prohibited by the New Jersey Nonprofit Corporations Act.

45. The experiences of the following homeowners provide typical examples of Defendants' conduct, by way of illustration:

Andrea McKie

46. Andrea McKie owns the home in which she resides in Howell, New Jersey. Ms. McKie had an adjustable rate mortgage with an interest rate over 10%, and was behind in her mortgage payments.

47. In or around September of 2008, Andrea McKie, a New Jersey resident, received a telephone solicitation from New Day offering to negotiate a loan modification with her mortgage lender. Ms. McKie entered into an agreement to pay New Day a \$4,200 fee to negotiate a loan modification with her current mortgage company. The agreement included a 100% money back guarantee if New Day could not modify her loan.

48. Ms. Day paid the fee and provided New Day her financial information. After numerous attempts to reach New Day, Ms. McKie was finally contacted by New Day representatives who indicated they were handling her case.

49. McKay believed New Day was handling her case, and had informed them she had lost her job in November 2008. New Day representatives told her not to worry but they would not be able to tell her mortgage company about her job loss.

50. In January 2009, Ms. McKie's mortgage company denied a modification and informed her that it had closed her file because New Day failed to provide information the mortgage company had requested several times. New Day had not asked Ms. McKie for any additional information.

51. Ms. McKay spent several days trying to contact New Day before hearing back from a representative who assured her she should not worry and the mortgage company was trying to rush things and that she should be patient. Ms. McKie then contacted her mortgage company directly, and the mortgage company told her that it still had not received documents from New Day.

52. Ms. McKie contacted New Day numerous times to request a refund of her fee but her calls were either not returned or she was told either that a refund was on its way or that "it would be hell" to get her money back. Ms. McKie persisted in her attempts to get a refund. At the end of March 2009, she received a letter from New Day suggesting that they were still working on her account and that that they were considering whether to refund her fee.

53. After receiving this letter, Ms. McKie called New Day and left several messages. Eventually Ejike Uzor called her back and stated that he was an attorney hired by New Day to

straighten out their books, but that he was not familiar with her account and would look into it and get back to her, but he never did. Ms. McKie still has not received a refund from New Day.

Marie Jaworski-Miller

52. Marie Jaworski-Miller (hereinafter “Ms. Miller”) owns her home in Sayerville, New Jersey. In February 2009, Ms. Miller was fearing foreclosure of her home when she heard a radio advertisement on New Jersey 101.5 FM for New Day concerning its loan modification services.

53. Ms. Miller spoke with an individual named “Anthony” at New Day. Anthony assured Ms. Miller that New Day could save her home, and discussed with her various examples of interest rate changes it could obtain for her. Anthony explained to Ms. Miller that she would have to pay a fee, and promised that if New Day could not obtain a modification she would get her money back.

54. Ms. Miller went to New Day’s Newark office and provided copies of her financial information and a bank check for \$2,500 made payable to NDROA, which New Day indicated was the fee for its services.

55. Sometime after meeting with New Day, Ms. Miller received a package from her mortgage servicer, Saxon Mortgage, offering her a loan modification. After receiving the package, Ms. Miller contacted Saxon and asked about New Day’s efforts to obtain the modification. The representative from Saxon advised that it had no record of any contact with New Day and would not deal with them without appropriate authorization, which it had not received. Ms. Miller requested a refund from New Day, but has not received one.

Jennifer And David Zuba

56. Jennifer and David Zuba own their home in Egg Harbor City, New Jersey. The Zubas had fallen behind in their mortgage payments when, in February 2009, they contacted their lender, Countrywide, about their past due payments. They were advised by Countrywide that they were being reviewed for a modification.

57. Shortly after the call with Countrywide, the Zubas received a telephone call from an individual named Monica stating that the Zubas had been approved for a loan modification. Monica then set up an appointment for them. The Zubas originally believed the call was from their lender, Countrywide, but after receiving a package for the appointment they learned that Monica was from New Day.

58. The Zubas met with an individual named Jose Santos from New Day. Santos stated that New Day would handle all negotiations with the lender and, moreover, that the Zubas should not contact Countrywide directly. The Zubas paid New Day a \$2,800 fee by a cashier's check, payable to NDROA.

59. In April 2009, the Zubas received a loan modification package from Countrywide. Jennifer Zuba spoke to Countrywide after receiving the package, and was advised that other than receiving two faxed authorization letters, Countrywide had no contact with New Day. Ms. Zuba later spoke to a representative of New Day, who confirmed that there was nothing in her file to indicate that New Day had obtained the modification.

60. The Zubas decided to accept Countrywide's modification proposal, and sought a refund from New Day. New Day provided a refund check of \$1,000 that the Zubas returned because it was not the full amount they had paid New Day. New Day initially offered to provide

a full refund if the Zubas agreed to sign waiver of all claims against New Day. The Zubas did sign a waiver, but still have not received their refund.

Leo Raspberry

61. Leo Raspberry owns his home in Altheimer, Arkansas. In November 2008, Mr. Raspberry reached out to his mortgage company, Aurora Loans, to inquire about a modification of his mortgage loan.

62. Mr. Raspberry also looked on the internet for a loan modification company to assist him in obtaining a modification, and found the website for New Day. After reviewing the website, Mr. Raspberry contacted New Day for more information.

63. Mr. Raspberry spoke to an individual named Sandy Zhang, who assured him New Day could help him. Zhang advised that New Day's fee would be \$2,500. When Mr. Raspberry was hesitant to put that much money out at one time, Zhang put on the phone a man she described as the owner, who identified himself as "Steve." Steve agreed to take \$1500 up-front, and told Mr. Raspberry that he could pay the balance after 30 days when he was able to see the type of service they would render. Mr. Raspberry completed the contract forwarded to him by New Day, and paid the agreed upon \$1,500 down payment to NDROA, as instructed.

64. New Day suggested to Mr. Raspberry that he should stop making his mortgage payments, since it would be easier to do a modification if he were behind on his payments. Mr. Raspberry did as instructed.

65. In December 2008, Mr. Raspberry received a letter from his mortgage company stating that certain items were missing from his modification package. Mr. Raspberry forwarded the letter to New Day, who told him that they would take care of providing the requested items.

66. A few weeks later, New Day contacted Mr. Raspberry seeking \$1,000, which it claimed was the balance of its fee. Mr. Raspberry stated that since he said he would provide the balance when some work had been done, he was not providing the balance at that time since it appeared New Day had not performed any work.

67. In January 2009, Mr. Raspberry received a letter from his mortgage company asking for the same items it had requested in December. Mr. Raspberry contacted New Day, who told him that they had been communicating with his lender. Mr. Raspberry requested that New Day send him copies of any documents that were sent to his lender. New Day did not respond to this request.

68. In February 2009, his mortgage company contacted Mr. Raspberry regarding his missed payments. Mr. Raspberry inquired as to the company's communications with New Day, and was advised that they had had no dealings with New Day.

69. Mr. Raspberry negotiated a loan modification on his own with his lender. Mr. Raspberry requested a refund from New Day of the \$1,500 he paid, but has not received one.

70. Upon information and belief, Defendants have accepted fees from scores of additional consumers for loan modification and other debt adjustment services, and have failed to provide such services.

COUNT I
VIOLATIONS OF THE CFA
(UNCONSCIONABLE COMMERCIAL PRACTICES)

71. Plaintiffs repeat and reallege the allegations contained in Paragraphs 1 through 70 above as if more fully set forth herein.

72. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing [] concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise....

73. The CFA defines “merchandise” as including “any objects, wares, goods, commodities, services or anything offered, directly or indirectly to the public for sale.” N.J.S.A. 56:8-1(c). The CFA defines “person” as including “any natural person or his legal representative, partnership, corporation, company, trust, business entity or association, and any agent, employee, salesman, partner, officer, director, member, stockholder, associate, trustee or cestius que trustent thereof.” N.J.S.A. 56:8-1(d).

74. Defendants are “persons” as defined by the CFA and have sold “merchandise” as defined by the CFA.

75. In the operation of their businesses, Defendants have engaged in the use of unconscionable commercial practices in connection with the sale of merchandise, including, but not limited to, the following:

- a. Offering debt adjustment services to New Jersey debtors without a license to do so;
- b. Accepting payment from consumers and then failing to provide consumers with the contracted-for loan modification assistance;

- c. Demanding excessive up-front payments from distressed homeowners facing foreclosure of their homes;
- d. Assuring distressed homeowners that New Day was negotiating with homeowners' lenders, when in fact New Day was not;
- e. Inducing homeowners to rely on New Day to avoid foreclosure when in fact New Day was doing nothing to prevent foreclosure;
- f. Indicating to consumers that Defendants are affiliated with a non-profit community organization;
- g. Creating the impression that Defendants were recommended by an independent non-profit organization, when the purported non-profit is operated by Defendants and is only used as a marketing tool by Defendants;
- h. Using corporate names in its contracts and marketing materials that are not the actual corporate names of the Defendants;
- i. Entering into debt adjustment agreements with New Jersey debtors without a license to do so;
- j. Failing to refund money when agreements were canceled or the contracted services were not performed; and
- k. Failing to respond to consumer complaints, inquiries and/or requests for refunds in a timely manner or at all.

76. Defendants' conduct constitutes multiple unconscionable commercial practices in violation of the CFA, N.J.S.A. 56:8-2.

COUNT II
VIOLATIONS OF NEW JERSEY CONSUMER FRAUD ACT
(FALSE PROMISES, MISREPRESENTATION, AND KNOWING OMISSIONS OF
FACT)

77. Plaintiffs reallege the allegations in paragraphs 1 through 76 above as if more fully set forth herein.

78. In the operation of their business, Defendants have made false promises, misrepresentations and/or knowing omissions of material fact, including, but not limited to:

- a. Falsely representing that New Day would provide guaranteed loan modifications to distressed homeowners or provide a full refund;
- b. Falsely promising to modify mortgages and prevent foreclosure;
- c. Misrepresenting to consumers that Defendants were affiliated with a community non-profit organization;
- d. Falsely representing that an independent non-profit is recommending the services of Defendant companies;
- e. Misrepresenting to consumers that New Day was negotiating with consumers' mortgage lenders or servicers when in fact it did not; and
- f. Promising to fully refund consumers' payments and then failing to do so.

79. Each false promise, misrepresentation and/or knowing omission of material fact by Defendants constitutes a separate violation under the CFA, N.J.S.A. 56:8-2.

COUNT III
VIOLATION OF CFA ADVERTISING REGULATIONS

80. Plaintiffs reallege the allegations in paragraphs 1 through 79 above as if more fully set forth herein.

81. The Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., promulgated pursuant to the CFA, among other things, govern general advertising practices.

82. Specifically, the Advertising Regulations provide, in pertinent part:

(a) Without limiting the application of N.J.S.A. 56:8-1 et seq., the following practices shall be unlawful with respect to all advertisements:

9. The making of false or misleading representations of fact concerning the reasons for, existence or amounts of price reductions, the nature of an offering or the quantity of advertised merchandise available for sale.

[N.J.A.C. 13:45A-9.2(a)(9).]

83. The Advertising Regulations define "Advertisement" as

"any attempt by an advertiser, other than by use of a price tag, catalog or any offering for the sale of a motor vehicle subject to the requirements of N.J.A.C. 13:45A-26A, to directly or indirectly induce the purchase or rental of merchandise at retail, appearing in any newspaper, magazine, periodical, circular, in-store or out-of-store sign or other written matter placed before the consuming public, or in any radio broadcast, television broadcast, electronic medium or delivered to or through any computer."

[N.J.A.C. 13:45A-9.1.]

84. The Advertising Regulations define "Advertiser" as

"any person as defined by N.J.S.A. 56:8-1(d) who in the ordinary course of business is engaged in the sale or rental of merchandise at retail and who placed, either directly or through an advertising agency, and advertisement before the public."

[N.J.A.C. 13:45A-9.1.]

85. Defendants are advertisers and have placed advertisements before the public including, but not limited to, the Defendants' websites.

86. In their advertisement of pre-foreclosure loan modification assistance, Defendants have violated the Advertising Regulations by making false and/or misleading representations that mislead consumers to believe that they offer guaranteed loan modification services.

87. Defendants' violations of the advertising regulations include, but are not limited to, the following:

- a. Announcing on the New Day website and other marketing materials, in bold-type, that there is a 100% money back guarantee that a loan modification will be obtained; and
- b. Indicating that an independent non-profit consumer organization is endorsing Defendants' services, when Defendants operate the non-profit solely for marketing their for-profit businesses.

88. Each violation of the Advertising Regulations by Defendants constitutes a per se violation of the CFA, N.J.S.A. 56:8-2.

COUNT IV
VIOLATIONS OF THE DEBT ADJUSTMENT AND CREDIT COUNSELING ACT

89. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 89 above as if more fully set forth herein.

90. Pursuant to N.J.S.A. 17:16G-2a, "No person other than a nonprofit social service agency or a nonprofit consumer credit counseling agency shall act as a debt adjuster."

91. Pursuant to N.J.S.A. 17:16G-1c:

(1)Debt adjuster means a person who either (a) acts or offers to act for a consideration as an intermediary between a debtor and his creditors for the purpose of settling, compounding, or otherwise altering the terms of payment of any debts of the debtor, or (b) who, to that end, receives money or other property from the debtor, or on behalf of the debtor, for payment to, or distribution among, the creditors of the debtor. (2) The following persons shall not be deemed debt adjusters: (a) an attorney-at-law of this State who is not principally engaged as a debt adjuster; (b) a person who is a regular, full-time employee of a debtor, and who acts as an adjuster of his employer's debts; (c) a person acting pursuant to any order or judgment of court, or pursuant to authority conferred by any law of this State or the United States; (d) a person who is a creditor of the debtor, or an agent of one or more creditors of the debtor, and whose services in adjusting the debtor's debts are rendered without cost to the debtor; or (e) a person who, at the request of a debtor, arranges for or makes a loan to the debtor, and who, at the authorization of the debtor, acts as an adjuster of the debtor's debts in the disbursement of the proceeds of the loan, without compensation for the services rendered in adjusting those debts.

92. Defendants engaged in loan modification services in the State of New Jersey that constituted debt adjustment activity within the scope of the DACCA without first obtaining a license from the Commissioner pursuant to N.J.S.A. 17:16G-2.

93. Defendants, for-profit entities and the principals thereof, engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of the DACCA in violation of N.J.S.A. 17:16G-2, which provides that no person other than a nonprofit social service agency or a nonprofit consumer credit counseling agency shall act as a debt adjuster, and that any entity acting as a debt adjuster must be licensed as such.

94. Defendants engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of the DACCA without first meeting the bonding and reporting requirements for licensees as set forth in N.J.S.A. 17:16G-5.

95. Defendants engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of the DACCA and charged fees for Defendants' debt adjustment services in violation of the statutory limitations of 1% of the gross monthly income of the person to whom the service is rendered but not more than \$25.00 in any one month, as set forth at N.J.S.A. 17:16G-6 and N.J.A.C. 3:25-1.2.

96. Defendants engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of the DACCA without maintaining a separate trust account in a qualified bank in the name of the debt adjuster for the benefit of the debtors serviced by the debt adjuster and failed to maintain an appropriate ledger book for the trust account in violation of N.J.S.A. 17:16G-9.

97. Since at least September 2008, Defendants have held themselves out to the New Jersey public as "debt adjusters" within the meaning of N.J.S.A. 17:16G-1.

98. In the establishment of their businesses, Defendants New Day, American Credit Repair and Debt Settlement, L.L.C., Paramount Debt Settlement USA, L.L.C., Uzor Financial Solutions, L.L.C., Uzor and Associates, P.C., have formed in New Jersey as Domestic for-profit companies and have proceeded to operate as for-profit businesses in the State.

99. In the operation of their businesses, Defendants have offered for sale and/or sold debt adjuster services to New Jersey debtors for substantial consideration.

100. Upon information and belief, scores more New Jersey debtors have been solicited by and/or entered into agreements with Defendants, all in violation of the DACCA.

101. Defendants' conduct constitutes multiple violations of N.J.S.A. 17:16G-2(a) and N.J.S.A. 17:16G-2(b), which also constitute violations of the CFA, N.J.S.A. 56:8-2.

COUNT V

VIOLATION OF CREDIT REPAIR ORGANIZATIONS ACT (15 U.S.C. §1679)

102. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 101 above as if more fully set forth at length herein.

103. The Federal Credit Repair Organizations Act ("CROA"), 15 U.S.C. §1679 et seq., prohibits individuals or entities from accepting fees for credit repair services prior to performing such credit repair services.

104. 15 U.S.C. §1679h(c) authorizes the chief law enforcement officer or other designated State official to bring an action under the CROA to enjoin violations of the CROA and to recover damages for residents of the State.

105. Defendants American Credit Repair and Debt Settlement, L.L.C. and Paramount Debt Settlement USA, L.L.C., offer credit repair services to consumers, and charge consumers an up-front "application/enrollment" fee, as well as a monthly service charge for the services, prior to performing any such credit repair services.

106. By accepting fees for credit repair services prior to providing any such services, Defendants American Credit Repair and Debt Settlement, L.L.C. and Paramount Debt Settlement USA, L.L.C. have violated 15 U.S.C. §1679.

COUNT VI

**DISSOLUTION OF UNDER N.J.S.A. 15A:12-11 OF NEW JERSEY NONPROFIT
CORPORATION ACT**

107. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 106 above as if more fully set forth at length herein.

108. Defendant American Financial Advocacy Council was formed as a non-profit corporation pursuant to the New Jersey Nonprofit Corporations Act, N.J.S.A. 15A:1-1 et seq. The certification of incorporation provides that its purpose is to advocate for the financial interests of American consumers.

109. New Jersey Nonprofit Corporations Act prohibits the organization of a non-profit corporation for pecuniary profit. N.J.S.A. 15A:2-1.

110. Defendants operate American Financial Advocacy Council for pecuniary profit, specifically as a marketing tool to refer customers to Defendants' for-profit businesses.

111. The website that purports to be for the American Financial Advocacy Council refers consumers to the for-profit businesses operated by the Defendants. The website has not referred consumers to any other business or entity other than those operated by Defendants.

112. Upon information and belief, the telephone number listed for the American Financial Advocacy Council connects directly to the call center operated by Defendants' for-profit businesses.

113. N.J.S.A. 15A:12-11 authorizes the Attorney General to bring an action for the dissolution of a nonprofit corporation upon the grounds that the nonprofit corporation:

- (1) Has procured its organization through fraudulent misrepresentation or concealment of a material fact;

...

(4) Has repeatedly exceeded the authority conferred upon it by law;

(5) Has repeatedly conducted its business in an unlawful manner;

(6) Has misused or improperly failed to use its powers, privileges or franchises;

...

(9) Is conducting its activities in violation of its certificate of incorporation or, with respect to specific assets, in violation of any terms, conditions or restrictions applicable to those assets imposed upon it; [or]

...

(11) Is conducting activities in a manner which is prejudicial to the public.

114. Because the American Financial Advocacy Council is being used in a deceptive and fraudulent manner to promote the pecuniary interests of Defendants, it has violated each of the subsections of N.J.S.A. 15A:12-11 cited in the immediately-preceding paragraph, and should be dissolved.

COUNT VII

ENJOINMENT OF ULTRA VIRES ACTIVITIES BY NONPROFIT CORPORATION

115. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 114 above as if more fully set forth at length herein.

116. The Attorney General's common law powers include protecting the public interest in nonprofit corporations by filing actions to enjoin ultra vires activities.

117. Under N.J.S.A. 15A:3-2, the Attorney General is statutorily empowered to file actions to enjoin ultra vires activities of nonprofit corporations.

118. Defendant American Financial Advocacy Council's stated charitable purpose is to advocate for the financial interests of American consumers.

119. By operating as a marketing tool to refer customers to Defendants' for-profit businesses and for the other pecuniary purposes alleged herein, American Financial Advocacy Council engages in ultra vires transactions in violation of N.J.S.A. 15A:3-2 and the common law.

PRAYER FOR RELIEF

WHEREFORE, based upon the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against Defendants:

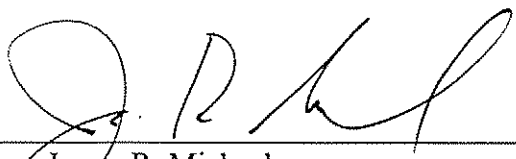
- (a) Finding that Defendants' acts and omissions constitute multiple instances of unlawful practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., and the regulations promulgated thereunder, specifically the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq.;
- (b) Temporarily, preliminarily, and permanently enjoining Defendants and their owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives, independent contractors and all other persons or entities directly under their control, from engaging in, continuing to engage in, or doing any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., and the regulations promulgated thereunder, specifically the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., the DACCA, 17:16G-1 et seq., and the CROA, 15 U.S.C. 1679 et seq., including, but not limited to, the acts and practices alleged in this Verified Complaint and the activity that is the subject of Plaintiffs' request for temporary and preliminary injunctive relief, as set forth in the accompanying Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52;
- (c) Finding that the acts and practices engaged in by Defendants constitute multiple violations of the DACCA, N.J.S.A. 17:16G-1 et seq.;
- (d) Permanently enjoining Defendants and their owners, officers, directors, shareholders, managers, agents, servants, employees, representatives, independent contractors and all other persons or entities directly under their control, from engaging in, continuing to engage in, or doing any acts

or practices in violation of the DACCA, N.J.S.A. 17:16G-1 et seq., including but not limited to, the acts and practices alleged in this Verified Complaint;

- (e) Assessing a penalty of \$1,000 for the first violation of the DACCA and \$5,000 for the second and each subsequent violation pursuant to N.J.S.A. 17:16G-8;
- (f) Providing restitution to any New Jersey homeowner that paid Defendants a fee, in violation of the DACCA;
- (g) Directing the assessment of restitution and damages amounts against Defendants, jointly and severally, to restore to any affected person, whether or not named in this Verified Complaint, any money or real or personal property acquired by means of any practice alleged herein to be unlawful and found to be unlawful, as authorized by the CFA, N.J.S.A. 56:8-8 and the DACCA, N.J.S.A. 17:16G-8.
- (h) Assessing the maximum statutory civil penalties against Defendants, jointly and severally, for each and every violation of the CFA, in accordance with N.J.S.A. 56:8-13;
- (i) Directing the assessment of costs and fees, including attorneys' fees, against Defendants, jointly and severally, for the use of the State of New Jersey, as authorized by the CFA, N.J.S.A. 56: 8-11 and N.J.S.A. 56:8-19;
- (j) Assessing the maximum statutory civil penalties against Defendants, jointly and severally, for each and every violation of the Debt Adjustment and Credit Counseling Act, in accordance with N.J.S.A. 17:16G-8;
- (k) Directing the dissolution of Defendant American Financial Advocacy Council pursuant to N.J.S.A. 15A:12-11, and the winding up of its affairs, including the transfer of charitable assets or trusts to an entity operating for appropriate charitable purposes;
- (l) Temporarily, preliminarily, and permanently enjoining Defendant American Financial Advocacy Council from engaging in the ultra vires activities alleged herein; and

(m) Granting such other relief as the interests of justice may require.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs


By: 
James R. Michael
Deputy Attorney General

Dated: July 10, 2009
Newark, New Jersey

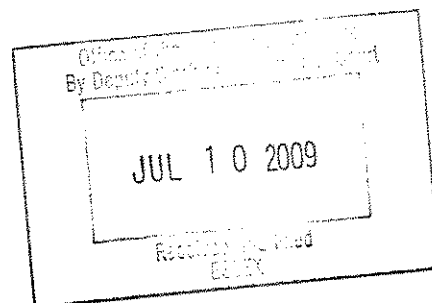
RULE 4:5-1 CERTIFICATION

I certify, to the best of my information and belief, that the matter in controversy in this action involving the aforementioned violations of the New Jersey Debt Adjustment and Credit Counseling Act, N.J.S.A. 17:16G-1 et seq., the Consumer Fraud Act, N.J.S.A. 56:8-1 et seq., the Credit Repair Organizations Act, 15 U.S.C. 1679 et seq., and the New Jersey Nonprofit Corporations Act, N.J.S.A. 15A:1-1 et seq., is not the subject of any other action pending in any other court of this State. I further certify that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 
James R. Michael
Deputy Attorney General

Dated: July 10, 2009
Newark, New Jersey



DESIGNATION OF TRIAL COUNSEL

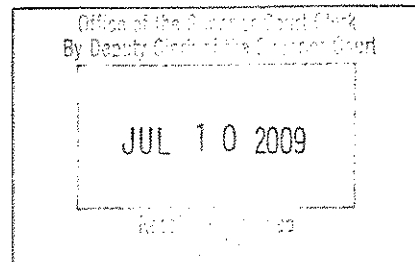
Pursuant to R. 4:25-4, Deputy Attorney General James R. Michael is hereby designated as trial counsel on behalf of Plaintiffs in this matter.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: _____

James R. Michael
Deputy Attorney General

Dated: July 10, 2009
Newark, New Jersey



VERIFICATION

I, Jared O'Cone, of full age, hereby certify as follows:

1. I am an Investigator with the New Jersey Division of Consumer Affairs ("Division"), Office of Consumer Protection.

2. I have read the foregoing Verified Complaint and on my own personal knowledge and review of documents in possession of the Division, including the Certifications of Andrea McKie, Marie Jaworski-Miller, David Zuba, and Leo Raspberry, which are attached as Exhibits. I know that the facts set forth herein are true and they are incorporated in this certification by reference, except for those alleged upon information and belief.

3. I certify that the above statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


JARED O'CONe

Dated: July 10, 2009
Newark, New Jersey

